



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

*Mike Dunleavy, Governor*  
*Julie Sande, Commissioner*  
*Keith Kurber II, Chairman*

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**Regulatory Commission of Alaska**

August 1, 2023

Dear Aniak Community Members:

As you are aware a recent tariff filing from Aniak Light and Power Company, Inc. (ALPC) resulted in high billings causing financial strain. Each tariff filing to the Regulatory Commission of Alaska (Commission) is received by staff and undergoes an established procedure of review. As Chairman of the Commission, I am taking this opportunity to provide background information for the recent tariff filing and the latest action taken by the Commission, as seen in Letter Order No. L2300254.

Background Material

On April 11, 2023, ALPC filed TA229-5 to update its Cost of Power Adjustment (COPA)<sup>1</sup> and Power Cost Equalization (PCE) amounts. On May 18, 2023, the Commission approved the COPA filed by ALPC in TA229-5 of \$1.4645/kWh, effective May 26, 2023. That COPA was an increase from the previously approved COPA of \$0.1512/kWh. This increase was due to a large increase in ALPC's balancing account, reflecting an under-collection of \$491,145.

At the June 28, 2023, public meeting the Commission received numerous public comments during public participation from and on behalf of members of the Aniak community. The commenters urged the Commission to reconsider its decision to approve the \$1.4645/kWh COPA that had been approved in TA229-5.<sup>2</sup> Based on the public comments, the Commission reviewed its decision in TA229-5.

Latest Action (L2300254)

On July 28, 2023, the Commission issued its decision regarding ALPC's COPA, Letter Order No. L2300254. In that letter order, the Commission zeroed out ALPC's March 31, 2023, balancing account balance of \$491,145 and required ALPC to recalculate the COPA that would have been in effect for bills rendered on or after May 26, 2023. To allow

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<sup>1</sup> The COPA is a mechanism that allows an electric utility to adjust rates associated with fuel and purchased power costs, passed on to customers as a separate line item on their bills. The COPA is calculated by dividing projected costs by projected sales. Higher costs or lower sales would increase the COPA, while lower costs or higher sales would decrease the COPA. To ensure that the customer and the utility are not harmed by the differences between the projections and the actual costs and sales, a balancing account is utilized to record the actual costs and revenues for each month. This balancing account is included in the calculation of the COPA. If a utility recovers more revenue than costs incurred, the balancing account is reduced, which would reduce costs used in the COPA in the next quarter. If a utility's costs are greater than its revenues, the balancing account would increase, which would increase the costs used in the COPA in the next quarter.

<sup>2</sup> See June 28, 2023, Public Meeting Transcript at 2-66 and 109-112.

ALPC the opportunity to recover the under-recovered fuel costs, the Commission allowed ALPC to amortize the \$491,145 March 31, 2023, balancing account balance over a 24-month period, through a surcharge added to ALPC's COPA, which results in a \$0.1221/kWh surcharge added to the COPA. This resulted in a recalculated COPA of \$0.5326/kWh.<sup>3</sup>

The Commission further required ALPC to not disconnect customers for unpaid bills that were a result of the \$1.4645/kWh COPA that was effective May 26, 2023. To continue to monitor the COPA for ALPC, the Commission required ALPC to file a new COPA filing no later than August 15, 2023.<sup>4</sup>

Sincerely,

REGULATORY COMMISSION OF ALASKA

*Keith Kurber II*

Keith Kurber II (Aug 1, 2023 14:14 AKDT)

Keith Kurber II  
Chairman

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<sup>3</sup> See Letter Order No. L2300254, issued July 28, 2023.

<sup>4</sup> *Ibid.*